

28 MAY 1986

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Reading
Board

STAT

I don't feel intimate with this bill, but since the time is up, [] was apparently expecting an answer on the 20th, I risk being uninformed and but speaking nonetheless.

I find the whole idea of this bill offensive. The government is apparently going to be driven and managed by bureaucrats concerned only with the efficient processing of information; while the government's objectives and accomplishments become incidental, only a context within which to become efficient.

In the specific language of the statute, intelligence activities are exempted to the extent such activities involve use of "automatic data processing". The language does not clearly exempt other activities from the supervision and oversight of the new Office of Federal Management such as the effective and efficient allocation of resources for intelligence collection and production.

Since information is the heart and soul of the intelligence business, it could easily be argued that we are staring straight at the cow-catcher of a future where intelligence operations will be governed by the people that process and store the information; A little bit like arguing that the working principles and procedures of OIS should be the governing principles for the CIA.

I agree with IRMD, we ought to do our best to insure that the Agency is exempted from all provisions of this act.

ROUTING AND TRANSMITTAL SLIP			Date
			23 May 1966
To: (Name, office symbol, room number, building, Agency/Post)			Initials Date
1. Legal Advisor/OIS			
2. DD/OIS			<i>AMH</i> 5/28
3. D/OIS			
4.			
5.			
Action	File	Date and Initials	
Approval	For Clearance	For Concurrence	
As Requested	For Distribution	For Reply	
Discontinue	For Your Information	Say No	
Comment	Investigate	Signature	
Coordination	Justify		
REMARKS			

Ben: The proposed legislation in S.2230 concerning information oversight and additional responsibilities does not cause us any concern - it is the question of required reporting, if any, and if we would have to comply or be exempt.

DO NOT use this form as a RECORD of approvals, concurrences, disapprovals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)

Room No.—Bldg.

1235 Ages

Phone No.

5011-102

* U.S.G.P.O.: 1965 - 421-529/320

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MEMORANDUM FOR:

FROM:



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Director, Office of Information Services

SUBJECT:

Federal Management Reorganization and Cost
Control Act of 1986: S. 2230

1. The Office of Information Services' review of the legislative recommendation contained in S. 2230, Title VI, concerning Federal information policy, reveals some significant changes from previous legislation that could impact adversely on the Agency if we were required to comply with the legislation. In comparing the proposed legislation with the existing law, there is a change in organizational responsibility for Federal information policy oversight as well as additional responsibilities assigned.

2. The Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), currently has the authority and function to develop and implement Federal information policies. The proposed legislation (S. 2230) would remove the Office of Information and Regulatory Affairs from the Office of Management and Budget and place it in a new office, the Office of Federal Management (OFM). The Office of Information and Regulatory Affairs would still continue Federal information policy oversight. The additional Federal agency responsibilities contained in Section 3506 could impact adversely on the Agency if we were required to report to the Office of Information and Regulatory Affairs on the Agency's resource management policy and practices. Given the scope of the bill, the reporting could be burdensome and possibly affect areas of operational sensitivity.

3. We have discussed this proposed legislation with representatives of the National Archives and Records Administration (NARA) to determine how it might affect records management functions within Federal agencies. NARA's initial response was "business as usual."

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4. We suggest the Office of General Counsel also review the language in S. 2230 and provide an opinion, after comparing it with the exclusion contained in Title 44, USC § 3502, paragraph (2), (A), relating to intelligence activities. The exclusion is not being changed in the proposed legislation, but may warrant some further review as to its impact given the provisions of the current bill. The exclusion could exempt the Agency from any reporting required by the law, but this needs to be clarified. If you have any questions concerning S. 2230, please contact [redacted] Chief, Information Resources Management Division, OIS, [redacted]

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DDA/OIS/IRMD/IMB/ 23 May 1986

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44 § 3505

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ments of section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759) and the purposes of this chapter, and

(F) submit to the President and the Congress legislative proposals to remove inconsistencies in laws and practices involving privacy, confidentiality, and disclosure of information.

(Added Pub.L. 96-511, § 2(a), Dec. 11, 1980, 94 Stat. 2819.)

References in Text. For classification of this Act, referred to in text, and meaning Pub.L. 96-511, the Paperwork Reduction Act of 1980, see Short Title note set out under section 101 of this title.

Upon enactment of this Act and upon enactment, referred to in cl. (1) and cl. (1)(B), means Dec. 11, 1980, date of approval of Pub.L. 96-511.

Effective date of this Act, referred to in cl. (2) and (3), means Apr. 1, 1981, as provided in section 5 of Pub.L. 96-511, set out as a note under section 3501 of this title.

Ex.Ord.12036, Jan. 24, 1978, referred to in cl. (2)(A), is set out under section 401 of Title 50, War and National Defense.

Prior Provisions. A prior section 1305, Pub.L. 90-620, Oct. 22, 1968, 82 Stat. 1303, which prohibited independent collection by an agency, was omitted in the general amendment of this chapter by Pub.L. 96-511 and is now covered by section 3509 of this title.

Effective Date. Section effective on Apr. 1, 1981, see section 5 of Pub.L. 96-511, set out as a note under section 3501 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-511, see 1980 U.S. Code Cong. and Adm. News, p. 6241.

Library References.
United States 6-41.
C.J.S. United States § 41.

§ 3506. Federal agency responsibilities

(a) Each agency shall be responsible for carrying out its information management activities in an efficient, effective, and economical manner, and for complying with the information policies, principles, standards, and guidelines prescribed by the Director.

(b) The head of each agency shall designate, within three months after the effective date of this Act, a senior official or, in the case of military departments, and the Office of the Secretary of Defense, officials who report directly to such agency head to carry out the responsibilities of the agency under this chapter. If more than one official is appointed for the military departments the respective duties of the officials shall be clearly delineated.

(c) Each agency shall—

(1) systematically inventory its major information systems and periodically review its information management activities, including planning, budgeting, organizing, directing, training, promoting, controlling, and other managerial activities involving the collection, use, and dissemination of information;

(2) ensure its information systems do not overlap each other or duplicate the systems of other agencies;

(3) develop procedures for assessing the paperwork and reporting burden of proposed legislation affecting such agency;

(4) assign to the official designated under subsection (b) the responsibility for the conduct of and accountability for any acquisitions made pursuant to a delegation of authority under section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759); and

(5) ensure that information collection requests required by law or to obtain a benefit, and submitted to nine or fewer persons, contain a statement to inform the person receiving the request that the request is not subject to the requirements of section 3507 of this chapter.

(d) The head of each agency shall establish such procedures as necessary to ensure the compliance of the agency with the requirements of the Federal Information Locator System, including necessary screening and compliance activities.

(Added Pub.L. 96-511, § 2(a), Dec. 11, 1980, 94 Stat. 2819.)

References in Text. Effective date of this Act, referred to in subsec. (b), means Apr. 1, 1981, as provided in section 5 of Pub.L. 96-511, set out as a note under section 3501 of this title.

Prior Provisions. A prior section 3506, Pub.L. 90-620, Oct. 22, 1968, 82 Stat. 1303, which provided for determination of necessity for information and hearing thereon, was omitted in the general amendment of this chapter by Pub.L.

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is now covered by section 3508 of this title.

Effective Date. Section effective on Apr. 1, 1981, see section 5 of Pub.L. 96-511, set out as a note under section 3501 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-511, see 1980 U.S. Code Cong. and Adm. News, p. 6241.

Library References.
United States 6-41.
C.J.S. United States § 41.

Animal and plant health inspection service. See 9 CFR 113.1 et seq.

Biological products. See 9 CFR 113.1 et seq.

Experimental production, distribution, and evaluation of prior to licensing. See 9 CFR 103.1 et seq.

Public information collection activities—Su
approval and delegation

(a) An agency shall not conduct or sponsor the collection of information, or the dissemination or reuse of information, for purposes of regulation or for the enforcement of any law or rule, unless the agency has first taken the following actions:

(1) the agency has taken actions, including consultation with the public, to—

(A) eliminate, through the use of the Federal Register and other means, information collections which are not necessary for the proper functioning of the Government, or which are duplicative of information available from another source within the Federal Government;

(B) reduce to the extent practicable and consistent with the proper functioning of the Government the burden of reporting requirements on persons who will provide information to the agency;

(C) formulate plans for tabulating the information collected to enhance its usefulness to other agencies and to the public.

(2) the agency (A) has submitted to the Director a collection request, copies of pertinent regulations at the Director may specify, and an explanation of paragraph (1) of this subsection, and (B) has prepared the Federal Register stating that the agency has

(3) the Director has approved the proposed information collection request, and the period for review of information collection request under subsection (b) has elapsed.

(b) The Director shall, within sixty days of receipt of a collection request, notify the agency involved of the decision. If the agency does not receive a response within sixty days, the Director may, after notice to the agency, extend the review period for an additional thirty days. If the Director does not extend, deny, or approve within sixty days (or, if the review period for an additional thirty days and does not extend, deny, or approve within the time of the extension), a contrary decision shall be deemed to be an approval, and the information may be used for not more than one year.

(c) Any disapproval by the Director, in whole or in part, of a collection request of an independent regulatory agency under section 3504(h) or 3509 concerning such an agency by a majority vote of its members overrides the exercise of authority. The agency shall certify each time it explains the reasons for exercising the override authority concerning an information collection request, the Director shall assign a control number to such request, and such override shall not be effective for more than three years.

(d) The Director may not approve an information collection request which would require the collection of more than three years.

section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759) and the purposes of this chapter; and submit to the President and the Congress legislative proposals to correct inconsistencies in laws and practices involving privacy, confidentiality, and disclosure of information.

11, § 2(a), Dec. 11, 1980, 94 Stat. 2818.)

For classification of this text, and meaning Pub.L. 96-511, set out under section 101 of

of this Act and upon enactment of (1) and cl. (1)(B), means approval of Pub.L. 96-511.

is Act, referred to in cl. (2) of 1, 1981, as provided in Pub.L. 96-511, set out as a note under this title.

24, 1978, referred to in cl. 1, section 401 of Title 50, means.

agency responsibilities

shall be responsible for carrying out its information management functions in an efficient, effective, and economical manner, and for complying with policies, principles, standards, and guidelines prescribed by the

of each agency shall designate, within three months after the date of the enactment of this Act, a senior official or, in the case of military departments, the Secretary of Defense, officials who report directly to such official to carry out the responsibilities of the agency under this chapter. If an official is appointed for the military departments the respective duties shall be clearly delineated.

shall—

periodically inventory its major information systems and periodically update its information management activities, including planning, budgeting, directing, training, promoting, controlling, and other managerial functions relating to the collection, use, and dissemination of information; and ensure that its information systems do not overlap each other or duplicate the functions of other agencies;

establish procedures for assessing the paperwork and reporting burden of information affecting such agency; and designate the official designated under subsection (b) the responsibility for and accountability for any acquisitions made pursuant to the authority under section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759); and require that information collection requests required by law or to obtain information submitted to nine or fewer persons, contain a statement to inform the requester that the request is not subject to the requirements of section 3507 of this chapter.

Each agency shall establish such procedures as necessary to comply with the requirements of the Federal Information Management System, including necessary screening and compliance activities.

11, § 2(a), Dec. 11, 1980, 94 Stat. 2818.)

Effective date of this Act. (b) means Apr. 1, 1981, as provided in Pub.L. 96-511, set out as a note under section 101 of this title.

Prior Provisions. A prior section 3505, Pub.L. 90-620, Oct. 22, 1968, 82 Stat. 1303, which prohibited independent collection by an agency, was omitted in the general amendment of this chapter by Pub.L. 96-511 and is now covered by section 3509 of this title.

Effective Date. Section effective on Apr. 1, 1981, see section 5 of Pub.L. 96-511, set out as a note under section 3501 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-511, see 1980 U.S. Code Cong. and Adm. News, p. 6241.

Library References

United States 41.
C.J.S. United States § 41.

96-511 and is now covered by section 3506 of this title.

Effective Date. Section effective on Apr. 1, 1981, see section 5 of Pub.L. 96-511, set out as a note under section 3501 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-511, see 1980 U.S. Code Cong. and Adm. News, p. 6241.

Code of Federal Regulations

Agricultural commodities, sales, see 7 CFR 17.1 et seq.

Animal and plant health inspection service standards requirements, see 9 CFR 113.1 et seq.

Biological products—

Experimental production, distribution, and evaluation of prior to licensing, see 9 CFR 103.1 et seq.

Production requirements, see 9 CFR 114.1 et seq.

Records, see 9 CFR 116.1 et seq.

Donation of foods, see 7 CFR 250.1 et seq.

Export sales, reporting requirements for, see 7 CFR 20.1 et seq.

Food distribution program, administration, Indian reservations, see 7 CFR 253.1 et seq.

Import fees and quotas, see 7 CFR 6.2 et seq.

Perishable agricultural commodities, regulations concerning, see 7 CFR 46.1 et seq.

Requirements for export sales reporting, see 7 CFR 20.1 et seq.

Tobacco inspection, see 7 CFR 29.1 et seq.

Library References

United States 41.
C.J.S. United States § 41.

§ 3507. Public information collection activities—Submission to Director; approval and delegation

(a) An agency shall not conduct or sponsor the collection of information unless, in advance of the adoption or revision of the request for collection of such information—

(1) the agency has taken actions, including consultation with the Director, to—

(A) eliminate, through the use of the Federal Information Locator System and other means, information collections which seek to obtain information available from another source within the Federal Government;

(B) reduce to the extent practicable and appropriate the burden on persons who will provide information to the agency; and

(C) formulate plans for tabulating the information in a manner which will enhance its usefulness to other agencies and to the public;

(2) the agency (A) has submitted to the Director the proposed information collection request, copies of pertinent regulations and other related materials as the Director may specify, and an explanation of actions taken to carry out paragraph (1) of this subsection, and (B) has prepared a notice to be published in the Federal Register stating that the agency has made such submission; and

(3) the Director has approved the proposed information collection request, or the period for review of information collection requests by the Director provided under subsection (b) has elapsed.

(b) The Director shall, within sixty days of receipt of a proposed information collection request, notify the agency involved of the decision to approve or disapprove the request and shall make such decisions publicly available. If the Director determines that a request submitted for review cannot be reviewed within sixty days, the Director may, after notice to the agency involved, extend the review period for an additional thirty days. If the Director does not notify the agency of an extension, denial, or approval within sixty days (or, if the Director has extended the review period for an additional thirty days and does not notify the agency of a denial or approval within the time of the extension), a control number shall be assigned without further delay, the approval may be inferred, and the agency may collect the information for not more than one year.

(c) Any disapproval by the Director, in whole or in part, of a proposed information collection request of an independent regulatory agency, or an exercise of authority under section 3504(h) or 3509 concerning such an agency, may be voided, if the agency by a majority vote of its members overrides the Director's disapproval or exercise of authority. The agency shall certify each override to the Director, shall explain the reasons for exercising the override authority. Where the override concerns an information collection request, the Director shall without further delay assign a control number to such request, and such override shall be valid for a period of three years.

(d) The Director may not approve an information collection request for a period in excess of three years.

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dissemination of data and information in the operation of Federal programs;"

(B) by striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon and "and"; and

(C) by inserting after paragraph (5) the following new paragraphs:

"(6) developing guidance requiring that agencies analyze their investments in information technology resources, and establishing that a specified minimum return on investment be met before the agency proceeds with the acquisition of such resources; and

"(7) providing advice and guidance on the use of information technology, including computer models and computer-aided decision support systems, to improve the quality and effectiveness of Federal agency decisionmaking and the ability of the Government to monitor and analyze information on longer term trends relevant to agency programmatic and policy decisions."

ASSIGNMENT OF TASKS AND DEADLINES

SEC. 606. Section 3505(3)(E) of title 44, United States Code, is amended to read as follows:

"(E) develop and annually update based on information supplied by the agencies, and in consultation with the Administrator of General Services, a five-year plan for meeting the automatic data processing, telecommunications, office automation, and other information technology needs of the Federal Government in accordance with the requirements of section 111 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 759), and the purposes of this chapter, which plan shall include—

"(i) an analysis of current and projected information technology, software, personnel, and telecommunications trends in Government;

"(ii) an analysis of the implications of major agency information technology plans for security and privacy;

"(iii) the identification of opportunities for use of innovative information technology in carrying out agency missions; and

"(iv) a statement of how the Government will respond to such trends and opportunities; and"

AGENCY RESPONSIBILITIES

SEC. 607. Section 3506 of title 44, United States Code, is amended to read as follows:

"§ 3506. Federal agency responsibilities

"(a) Each agency shall—

"(1) carry out its information management activities in an efficient, effective, and economical manner;

"(2) work diligently to achieve the purposes of this chapter; and

"(3) comply with the information policies, principles, standards, and guidelines prescribed by the Director.

"(b) The head of each agency shall designate, within three months after the effective date of this Act, a senior official or, in the case of the military departments and the Office of the Secretary of Defense, officials who report directly to such agency head to carry out the responsibilities of the agency under this chapter. If more than one official is appointed for the military departments, the respective duties of the officials shall be clearly delineated. Each official designated under this subsection shall be an individual who is a member of the Senior Executive Service or equivalent, who is qualified and experienced in information management, including the planning and coordination of information management programs, and whose primary responsibility is implementing the information management functions of the agency.

"(c) Should the financial budgets of any agency (such as an executive department)

be under the direction of, or otherwise administered by, the bureau, administration, or other major subcomponent level, then the head of such bureau, administration, or major subcomponent shall appoint a counterpart official to the senior official appointed under subsection (b) to work with that official to coordinate and insure that the agency's information resources are efficiently, effectively, and economically employed in supporting the accomplishment of the agency's missions, goals, and objectives.

"(d) It shall be the primary responsibility of the agency officials designated under subsections (b) and (c) above to carry out the agency's information management activities. These officials shall—

"(1) organize the agency's information resources management activities so as to achieve the objectives and requirements of this chapter;

"(2) take such actions as may be necessary to assure compliance by the agency with Government information resources management policies and objectives;

"(3) establish and implement agency policies and guidance for the information resources management functions covered by this chapter, including paperwork management, statistical activities, records management, privacy, security, decision support, sharing, and dissemination of information, and information technology functions, which are consistent with the policies, principles, standards, and guidelines issued by the Director;

"(4) develop and annually update the agency's information resources management plan, a component of which is a five-year plan for meeting the automatic data processing, telecommunications, office automation, and other information technology needs of the agency's programs and activities;

"(5) systematically inventory and maintain current, complete records of the agency's information resources, including the number of computers in use, investment in software and telecommunications, and personnel, for use in developing and updating the agency's information resources management plans;

"(6) establish procedures and controls for the review and approval of information collection requests, including regulations containing information reporting or record-keeping requirements, at the agency level prior to their submission to the Director for approval;

"(7) insure that information collection requests required by law or to obtain a benefit, and submitted to nine or fewer persons, contain a statement to inform the person receiving the request that the request is not subject to the requirements of section 3507 of this title;

"(8) develop procedures for assessing the paperwork, including reporting and record-keeping, burden of proposed legislation affecting such agency;

"(9) establish such procedures as necessary to ensure compliance of the agency with requirements of the Federal Information Locator System, including necessary screening of the system prior to proposing new information collection requests;

"(10) insure that collections of statistical information for program or agency management purposes are done in accordance with accepted statistical methodology and requirements for statistical surveys prescribed by the Director;

"(11) insure compliance with the laws requiring the maintenance of adequate records covering agency activities as required by chapters 29, 31, and 33 of this title;

"(12) insure compliance with requirements for the security, privacy, confidentiality,

and sharing or disclosure of information collected or maintained by or on behalf of the agency;

"(13) be responsible for the conduct of and accountable for any acquisitions made pursuant to a delegation of authority under sections 111 and 205 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 759 and 486, respectively) or made under section 2315 of title 10;

"(14) consolidate, review, and approve the budgets of offices and units of the agency for automatic data processing, telecommunications, office automation, and other information technology resources;

"(15) budget and account, separate from the costs of other activities, for the full costs of acquiring and operating information technology resources, including the costs related to protecting security and privacy relative to systems employing such resources;

"(16) require program and agency managers to use specific information technology resources when it is determined that, from an agencywide viewpoint, such use is the most cost-effective method for meeting the program requirements;

"(17) insure that agency information systems do not overlap each other or duplicate the systems of other agencies;

"(18) oversee and coordinate the major uses of computer models and computer-aided, decision-support systems within the agency and maintain an inventory of such uses, including uses that monitor and analyze information on longer-term trends relevant to agency decisions;

"(19) identify opportunities for innovations related to information technology that can improve the agency's ability to accomplish its authorized missions, and provide mechanisms by which such innovations can be analyzed, supported, and shared among and between agencies;

"(20) establish, in coordination with inspectors general or other relevant agency staff, a mechanism for identifying, tracking, and reporting incidents of computer-related fraud and abuse within the agency;

"(21) periodically evaluate and improve as needed the quality (that is, accuracy, completeness, and reliability) of data and records contained within Federal information systems;

"(22) establish an information resources management steering committee, composed of representatives of both officers and employees of the agency who carry out information management activities and who carry out substantive programs, including officers and employees who use the work products generated by agency information systems, to advise the senior official on areas such as the agency information resources management plans, appropriate amounts of information resources to commit to agency programs considering agency priorities, and applications of information technology resources to solve identified problems or improve program operations;

"(23) periodically review, for effectiveness and efficiency, the agency's information resources management activities, including the planning, budgeting, organizing, directing, training, promoting, controlling, and other managerial activities involving the collection or creation, processing, use, dissemination, and disposal of information;

"(24) identify to the Director statutory, regulatory, and other impediments to the efficient management of Federal information resources and recommend to the Director legislation, policies, procedures, or other guidance to improve such management; and

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"(25) assist the Director in the performance of the functions of the Director under the Paperwork Reduction Act of 1980 and this chapter, and make agency personnel, services, and facilities available to the Director for this purpose to the extent practicable."

FEDERAL INFORMATION LOCATOR SYSTEM

Sec. 608. The second sentence of subsection (a) of section 3511 of title 44, United States Code, is amended by inserting before the period a comma and "and shall be designed so as to assist the Federal agencies and the public in locating existing Government information".

RESPONSIVENESS TO CONGRESS

Sec. 609. (a) Subsection (a) of section 3514 of title 44, United States Code, is amended—

(1) by striking out "and" after the semicolon in paragraph (7);

(2) by striking out the period at the end of paragraph (8) and inserting in lieu thereof a semicolon; and

(3) by inserting after paragraph (8) the following new paragraphs:

"(9)(A) a summary of accomplishments and planned initiatives to improve Federal information resources management within agencies;

"(B) a detailed statement, with respect to each agency, of new initiatives to acquire information technology to improve such management; and

"(C) an analysis of the extent to which the policies, principles, standards, and guidelines issued pursuant to section 3504 of this title promote or deter such new initiatives; and

"(10) with respect to the statistical policy and coordination functions described in section 3504(d) of this title—

"(A) a description of the specific actions taken, or planned to be taken, to carry out each such function; and

"(B) a description of the status of each major statistical program, including information on—

"(i) any improvements in each such program;

"(ii) any program which has been reduced or eliminated; and

"(iii) the budget for each such program for the previous fiscal year and the fiscal year in progress and the budget proposed for each such program for the next fiscal year."

(b) Section 3514 of such title is further amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

"(b) At the time the President submits the budget for fiscal year 1988, and for each succeeding fiscal year under section 1105 of title 31, the Director shall submit a report to the President of the Senate and the Speaker of the House of Representatives, containing—

"(1) a description of the funds requested in the budget for such fiscal year for each of the following information resources management functions required by this chapter:

"(A) paperwork and regulatory review;

"(B) general information policy, records management, and Federal information access, dissemination, and disclosure policy;

"(C) privacy and security policy;

"(D) statistical policy;

"(E) automatic data processing and telecommunications, and other information technology policy; and

"(F) administrative and other functions;

"(2) a statement of the objectives and goals which the Director intends to achieve during the fiscal year for each of the functions specified in paragraph (1); and

"(3) a description of the allocation of the funds available to the Office of Information and Regulatory Affairs for such functions in the preceding fiscal year."

AUTHORIZATION

Sec. 610. Section 3520 of title 44, United States Code, is amended to read as follows:

"§ 3520. Authorization of appropriations

"There are authorized to be appropriated to carry out the provisions of this chapter, and for no other purpose—

"(1) \$9,000,000 for the fiscal year ending September 30, 1987;

"(2) \$9,500,000 for the fiscal year ending September 30, 1988;

"(3) \$10,000,000 for the fiscal year ending September 30, 1989; and

"(4) \$10,500,000 for the fiscal year ending September 30, 1990."

INFORMATION TECHNOLOGY FUND

Sec. 611. (a)(1) Section 110 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 757) is amended to read as follows:

"INFORMATION TECHNOLOGY FUND

"Sec. 110. (a)(1) There is established on the books of the Treasury an Information Technology Fund (hereinafter referred to as the 'Fund'), which shall be available without fiscal year limitation. There are authorized to be appropriated to the Fund such sums as may be required. For purposes of subsection (b), the Fund shall consist of—

"(A) the capital and assets of the Federal telecommunications fund established under this section as in effect on December 31, 1986, which are in such fund on January 1, 1987;

"(B) the capital and assets which are in the automatic data processing fund established under section 111 of this Act as in effect on December 31, 1986, which are in such fund on January 1, 1987; and

"(C) the supplies and equipment transferred to the Administrator under sections 111 and 205(f) of this Act, subject to any liabilities assumed with respect to such supplies and equipment.

"(2) The Administrator shall determine the cost and capital requirements of the Fund for each fiscal year and shall submit plans concerning such requirements and such other information as may be requested for the review and approval of the Director of the Office of Federal Management. Any change to the cost and capital requirements of the Fund for a fiscal year shall be made in the same manner as provided by this section for the initial fiscal year determination. If approved by the Director, the Administrator shall establish rates to be charged agencies provided, or to be provided, information technology resources through the Fund consistent with such approvals. Such cost and capital requirements may include funds—

"(A) needed for the purchase (if the Administrator has determined that purchase is the least costly alternative) of information processing and transmission equipment, software, systems, and operating facilities necessary for the provision of such services;

"(B) resulting from operations of the Fund, including the net proceeds of disposal of excess or surplus personal property and receipts from carriers and others for loss or damage to property; and

"(C) which are appropriated, available under subsection (d), authorized to be transferred, or otherwise made available to the Fund.

"(b) The Fund shall—

"(1) assume all of the liabilities, obligations, and commitments of the funds described in subsection (a); and

"(2) be available for expenses, including personal services and other costs, and for

procurement (by lease, purchase, transfer, or otherwise) for efficiently providing information technology resources to Federal agencies and for the efficient management, coordination, operation, and utilization of such resources.

"(c)(1) In the operation of the Fund, the Administrator is authorized to enter into multiyear contracts for the provision of information technology resources for periods not in excess of five years, if—

"(A) funds are available and adequate for payment of the costs of such contract for the first fiscal year and any costs of cancellation or termination;

"(B) such contract is awarded on a fully competitive basis; and

"(C) the Administrator determines that—

"(i) the need for information technology resources being provided will continue over the period of the contract;

"(ii) the use of the multiyear contract will yield substantial cost savings when compared with other methods of providing the necessary resources; and

"(iii) such a method of contracting will not exclude small business participation.

"(2) Any cancellation costs incurred with respect to a contract entered into under this subsection shall be paid from currently available funds in the Fund.

"(3) This subsection shall not be construed to limit the authority of the Administrator to procure equipment and services under section 201 of this Act.

"(d) Following the close of each fiscal year, the uncommitted balance of any funds remaining in the Fund, after making provision for anticipated operating needs, as determined by the Administrator, shall be transferred to the general fund of the Treasury as miscellaneous receipts.

"(e) A report on the operation of the Fund shall be made annually by the Administrator to the Director of the Office of Federal Management and the Director of the Office of Federal Budget and reports shall be prepared on a monthly basis for internal management use. Such reports shall (1) identify Fund expenses by program, by object class, and in summary total, (2) identify any proposed increases to the capital of the Fund, and (3) include a report on information processing equipment inventory, utilization, and acquisitions.

"(f) For the purposes of this section, the term 'information technology resources' includes any service or equipment which had been authorized to be acquired or provided by this section or section 111 of this Act (as in effect on December 31, 1986), and other information processing and transmission equipment, software, systems, operating facilities, supplies, and services related thereto, and maintenance and repair thereof. Section 111 of this Act shall continue to apply to the provision of automatic data processing equipment."

(2) The table of contents of the Federal Property and Administrative Services Act of 1949 is amended by striking out the item pertaining to section 110 and inserting in lieu thereof the following:

"Sec. 110. Information Technology Fund."

(b)(1) Section 111 of the Federal Property and Administrative Services Act of 1949 is amended—

(A) by striking out subsections (c) and (d); and

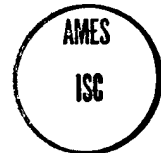
(B) by redesignating subsections (e), (f), (g), and (h) as subsections (c), (d), (e), and (f) respectively.

(2) Section 3504(g) of title 44, United States Code, is amended—



OCA 86-1423
30 April 1986

LOGGED



06 MAY 1986

MEMORANDUM FOR: Deputy Director for Administration
Inspector General
Comptroller
Chief, AS/OF
ADGC/ALD/OGC

FROM:

SA/LD/OCA

STAT

SUBJECT: Federal Management Reorganization and Cost
Control Act of 1986: S. 2230

1. Chairman Roth of the Senate Government Affairs Committee will make a last ditch effort to implement the legislative recommendations of the "Grace Commission." The Commission, more formally referred to as the President's Private Sector Survey on Cost Control, touched every aspect of Federal Government with an eye toward efficient management and cost control. All of the recommendations found in S. 2230 fall within the jurisdiction of the Government Affairs Committee.

2. Once the Grace Commission completed its work the Comptroller General of the United States reviewed the Commission report, deleting many recommendations, modifying some and perfecting others. Therefore, S. 2230 is a work product of both the Commission and GAO. Most of the recommendations apply government-wide and the Agency is necessarily caught up in the sweep. Senate staff has interpreted the bill to apply to all government agencies including the CIA. The first of a series of hearings is slated to begin on 13 May 1986.

3. While many of the bill's provisions do not apply to the Agency, other provisions may have a significant impact, such as Title II pertaining to Accounting and Internal Control Systems, Title III concerning Agency Financial Statements, and Title VI Federal Information Policy. Attached herewith is Chairman Roth's Congressional Record statement on the bill, which was introduced on 26 March 1986. Perhaps the best way to approach examination of the bill is to first read the one-page summary of the bill on page S 3513. Next read the three-page, section-by-section analysis, pages S 3513 to 3516. Then go to the key provisions of S. 2230 based on the summary and sectional analysis. There is no need to read the entire bill.

4. Beginning with Section 913 of Title I, note that the functions of the Administrator of the new Office of Federal Management (OFM) would, after consultation with the Secretary of the Treasury:

"Coordinate activities of agency controllers and assure their compliance with OFS policies; Coordinate interagency financial management projects; and Advise agencies on the selection of controllers."

Besides posing serious sources and methods problems, this provision would appear to permit encroachment by the new OFM and Treasury into intelligence community activities.

5. In Section 203 of Title II, the Administrator of the new Office of Financial Systems (OFS) is given the authority to determine whether an agency's accounting and internal control systems are in substantial compliance with GAO standards. If substantial compliance is lacking, then the agency's "systems are subject to the supervision and direction of the Administrator of OFS." Such outside compliance review and supervision would, of course, pose problems for agencies charged with intelligence functions.

6. Title III, dealing with agency financial statements, should be carefully scrutinized because it would require the production of agency financial statements for outside review, Section 303. Moreover, such review would apply to government corporations and could be interpreted to extend to proprietaries, Section 304. Intelligence activities, obviously, should not be subject to such unwarranted exposure.

7. The Electronic Funds Transfer Federal Salary Act, S. 2009, has been included in the bill in section 404, Title IV. Under this program, which would require that all federal salary checks be paid by electronic funds transfer directly to an employee bank account, certain disclosures would have to be made to the Treasury Department about all agency employees and the financial institution to which their salary is electronically transferred. All intelligence community members should be exempt from this provision to the extent that a similar service is provided by each agency.

8. Title VI, concerning federal information policy, merits close inspection because it is oriented toward the centralized control and the disclosure of all federal information. Section 605 provides that the Director of Information and Regulatory Affairs "shall develop and implement Federal policies for information...records management, automatic data processing, telecommunications and other information technology." And finally, Section 611 suggests that all future funding for federal telecommunications and automated data processing shall be consolidated and centralized into an Information Technology Fund under the control of OFM. The Administrator "shall determine the cost and capital requirements of the fund for each fiscal year and shall establish rates to be charged agencies for information technology resources supplied through the fund." In this sweeping reform of information technology control, no deference is paid to the need for separate systems to protect intelligence functions.

9. No companion legislation has been introduced in the House. Furthermore, because Congress has barely three months working time left, the bill is unlikely to pass during this session. Nonetheless, if the Committee finds that some sections of the bill are not controversial and have consensus support, that portion of the bill may be extracted from the bill and passed as freestanding legislation. Thus, it is important that we let the committee know what sections of the bill give us problems. Therefore, please provide your comments by 20 May 1986.

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Attachments
as stated

